

HOUSTON, TEXAS
POST

Approved For Release 2001/03/04 : CIA-RDP80-01601

STATINTL

M - 294,677
S - 329,710

NOV 16 1971

New charge of bribery claimed in Dowdy trial

By FRED BONAVITA
Post Washington Bureau

BALTIMORE—Nathan H. Cohen, former president of a now-defunct home improvement firm, surprised a federal court jury here Monday by saying he paid Texas Congressman John Dowdy another \$2,500 for his help in more difficulties Cohen was in with the federal government.

Cohen capped three days on the witness stand by saying Dowdy also pulled strings for him to get into the Central Intelligence Agency headquarters and obtained data from the United States Information Agency for use in a fund-raising scheme Cohen planned.

This second payment, which the witness claims was made at a suburban Washington restaurant in late summer of 1967, also was witnessed.

Cohen is the government's chief witness against the East Texas Democratic lawmaker who is on trial for allegedly committing perjury, using interstate facilities to promote bribery and engaging in a conspiracy. Cohen told the jury of nine women and three men last week he arranged for Dowdy to be paid a \$25,000 bribe to intervene in a federal investigation of Cohen's former business, Monarch Construction Co., in 1965.

His disclosures about the alleged second payment came during re-examination of the witness by the government in the wake of defense evidence Cohen changed his sworn statements to the government

and to a federal grand jury here which later indicted Dowdy.

He told the government his story Jan. 7, 1970, in a sworn statement and appeared Feb. 27, 1970, before the grand jury, Cohen said, but he returned before the grand jury March 31, 1970, the day Dowdy was indicted, to correct his testimony after government attorneys questioned portions of it.

Although the payment of the \$2,500 is not one of the 45 overt acts charged in the indictment against Dowdy, Cohen, over the strong objections of the defense, elaborated slightly on it, saying he met Dowdy at the restaurant and paid the money.

ASKED WHY, Cohen replied, "A number of things that he (Dowdy) had been doing for me, including looking into Radio Free Asia came up. He arranged an appointment for me at the CIA. He did, and I went there. And I asked him to get me some stuff from the U.S. Information Agency, and he did. And he had looked into some Monarch stuff again."

Cohen explained Radio Free Asia (RFA) was a part of the Korean Cultural and Freedom Foundation of Washington, and one of his firms, International Foundations Consultants Inc., contracted with RFA to raise money publicly.

However, Cohen admitted it was not a charitable enterprise, and his firm was to have been paid between 40 and 50 per cent of what it collected.

The data from Asia was to bolster the solicitations, Cohen said, but he was not allowed to elaborate on his visit to the CIA after the defense objected.

"WHAT HAPPENED at the (restaurant)?" prosecutor Stephen H. Sachs asked.

"I paid Mr. Dowdy \$2,500," said Cohen, adding Julius B. (Jack) Levitt, a former Monarch official, also witnessed the transfer of the \$25,000 to Dowdy in the Atlanta, Ga., airport without the congressman's knowledge.

The witness testified he erred in his earlier statements to the government and the grand jury about the second payment but refreshed his memory after talking with Levitt and Mrs. Cohen, who accompanied him to the restaurant but waited in the car outside.

Cohen also said Dowdy intervened for him with the Veterans Administration after another of his business ventures, Baltimore Business School, ran afoul of VA regulations for teaching too few hours during the day. Instead of the required five hours' instruction, Cohen said, his students received only four hours and 50 minutes' teaching, and the VA threatened to revoke his qualification to receive veterans' benefits payments.

THE REVOCATION of the business school's standing would have meant the repayment of between \$40,000 and \$50,000 by the school and students, Cohen said, so he turned to Dowdy again for help.

"Mr. Dowdy or his office somehow straightened it out in one day," Cohen told the jury.

The defense, led by Kirkpatrick W. Dilling of Chicago, opened the second week of Dowdy's trial Monday with its cross-examination of the witness.

Dilling led him through a recitation of his many troubles with the Securities and Exchange Commission, the U.S. attorneys' offices here and in Washington and the Internal Revenue Service because of his business ventures following the collapse of Monarch.

Cohen admitted the SEC was investigating him in 1969 on several counts of illegal sale of stocks in his various ventures and sought to wring from the witness an admission his decision to "tell all" to the government in exchange for immunity from prosecution.

HE FIRST approached Sachs in December, 1969, in an effort to cooperate, Cohen said, but was greeted by what he termed a "hostile" attitude on the part of the prosecutor.

"Did Mr. Sachs ever tell you that he had so much on you and could prosecute you in so many ways he felt like a kid in a candy store?" Dilling asked.

"He told me I could be prosecuted for a number of things, but I don't recall he said it in those words," Cohen replied.

The witness said he hesitated at first about telling the government everything he knew. Indeed, he did not mention Dowdy's name until their second meeting — because he did not know what deal could be made for immunity from prosecution, Cohen said.

"I Told the government I had been part of a pay-off to a congressman in return for certain services," Cohen said. "But we had no understanding at the time, and I

Approved For Release 2001/03/04 : CIA-RDP80-01601R001100050001-7

Continued

Cohen Says He Paid Dowdy Additional Bribe of \$2500

BY BILL LEE

Chronicle Washington Bureau

Baltimore — Nathan H. Cohen says he paid Rep. John Dowdy an additional \$2500 in 1967 primarily for the East Texas congressman's assistance in gaining information from the U.S. Information Agency and access to the Central Intelligence Agency.

Nearing the end of his third day on the witness stand Monday, Cohen, a promoter of numerous business schemes, said Dowdy arranged an appointment for him at the CIA concerning "Radio Free Asia."

He had earlier testified one of his companies was set up to raise money for "Radio Free Asia."

The prosecution sought to go into details of what Dowdy had done concerning the supersecret CIA, but was blocked by objections from the defense, upheld by presiding Judge Roszel Thomsen.

Cohen said the information he received from the U.S. Information Agency dealt with the possibility of broadcasting into Communist Asian countries.

Introduced into evidence was a letter identified by Cohen as having been written to him by Dowdy and another letter, purportedly from the U.S. Information Agency to Dowdy.

The Dowdy letter was allegedly a cover letter for the USIA letter, which reported on Voice of America broadcasts into Asia. Cohen said both had been sent him by Dowdy.

The \$2500 was not mentioned in the charges against Dowdy and has not been mentioned in court previously.

Dowdy, a Democrat from Athens, is charged with two counts of conspiracy, one count of using interstate facilities to promote bribery, and five counts of perjury.

The charges revolve around a \$25,000 bribe the prosecution

claims Cohen paid Dowdy in 1965 to intervene in a government investigation of Monarch Construction Co. and the congressman's later appearance before a grand jury delving into the Monarch matter.

The prosecution was permitted to go into the alleged \$2500 payment, despite Dowdy's not being charged with taking it, because the defense, during cross-examination, touched on contradictions in various Cohen statements since he turned informer in 1966.

Special Prosecutor Stephen Sachs, the former U.S. attorney whose investigation led to Dowdy's indictment, insisted he must bring out the \$2500 payment to explain the contradictions.

\$27,500 Total

In various statements, Cohen had indicated he paid Dowdy between \$25,000 and \$30,000.

At one point in cross-examination, he said \$25,000 was the correct figure for the amount paid Dowdy at the Atlanta airport in 1965, but there were other payments, leaving the implication that these would bring the total to \$30,000.

But so far, the total, in specific Cohen allegations, stands at \$27,500.

Cohen said the \$2500 payment was made in cash at a meeting between himself and the congressman in a restaurant on the outskirts of Washington in 1967.

Monarch Probe

Cohen said he was seeking information concerning Radio Free Asia because "New York fund-raising organizations had told me it would be needed."

He said the \$2500 payment to Dowdy was also understood to cover the congressman's most recent efforts on his behalf concerning the Monarch investigation.

Earlier in the direct examination by Sachs, after the cross-examination by the defense, Cohen had described the disbelief he encountered when he first went to the U.S. attorney's office here in late 1969 with his story implicating a congressman.

Felt Threatened

Cohen said he made a telephone call from the U.S. attorney's office to Dowdy to demonstrate he at least was acquainted with the congressman.

Cohen testified he sought to make a deal with the authorities because he felt threatened by both the Securities and Exchange Commission and Internal Revenue Service investigations of him at the time.

He said he was never offered, nor received, immunity from the government for the Monarch investigation, but was told, "I must take my chances."

Cohen received a suspended sentence for the admittedly fraudulent dealings of Monarch, a company whose business was securing contracts to build new fronts of row houses in poor neighborhoods.

During the cross-examination, the defense continued to point out apparent contradictions in Cohen's story.

Cohen explained them as resulting from faulty recollection of events that occurred years before his first testimony.